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Grand trunk railway. Letter to
the Hon. John Ross.



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GRAND TRUNK RAILWAY.

LETTER

OF

MR. BRASSEY,

TO THE

HON. JOHN ROSS,

PRESIDENT OF THE COMPANY.

TORONTO:

PRINTED AT THE LEADER AND PATRIOT OFFICE.

1856.

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GRAND TRUNK RAILWAY.

LETTER

TO THE HON. JOHN ROSS, PRESIDENT
OF THE COMPANY.

TORONTO, 25th April, 1856.

SIR,—The circumstances in which, on our arrival in this Country, we find the Grand Trunk Railway Company, and the very important results that must flow from the decision to be arrived at by the Public and the Government in regard to this undertaking within the next few weeks, warrant us in addressing to you, for the purpose of publicity, certain statements bearing upon our first connection with Canada, and upon our present position and responsibilities implied and expressed towards the Province, and to the Company over which you preside.

We do not desire to occupy your attention with any unnecessary recital of facts—but in support of our own position, and as evidence of our uniform and unwavering efforts to fulfil our engagements, we must briefly sketch out the circumstances which led to our connection with this Province.

In the Spring of 1852, when the Hon. Mr. Hincks was in London on a mission connected with the proposed International Railway from Quebec to Halifax, our firm was in communication with the Directors of the Quebec and Richmond Railway. Mr. Hincks was thus brought into contact with us, and subsequently when that gentleman believed that no adequate support was to be given to the proposed national work by the Imperial Government, he sought our aid with the view of undertaking those works of internal communication in Canada, required, in his opinion, to develop the growing

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Wealth and resources of the Province. We thus placed ourselves in communication with the Premier and Finance Minister of Canada, believing that further knowledge in England of the increasing prosperity of the Province was only required to secure for its undertakings at least an equal support to that given to American enterprizes. We take no credit to ourselves for an appreciation of Canada, which was probably first induced by a regard to our own interests; but we may fairly say, that whatever our original cause of interest in this Province, we ought not to be blamed if we have sought to find here that which we could, without a doubt, have secured on the Continent of Europe or from any of the Western American States. And if we may not be entitled to consideration we feel that it should not be charged against us that we selected Canada, with any other view than that of thriving ourselves by the prosperity of the Province.

Our intercourse with Mr. Hincks resulted in our undertaking to make an inspection of the Line from Montreal to Toronto; and, if satisfactory, an offer to construct the same. This was done, and, without troubling you with details, it resulted in an offer on our part to construct the Road from Montreal to Toronto, conditional on our receiving Provincial aid to the amount of L.3,000 sterling per mile. Our proposal encountered much opposition, and our partner, Mr. Jackson, finally left this country without any specific settlement of the disputes of the contending parties.

On Mr. Jackson's departure, the difficulty of overcoming the legal objections to the course proposed, and the belief of the parties interested that the time had arrived for such a combination of existing Railway interests in Canada, as would afford this country the advantage of one uniform railway system, and an avoidance of the evils of general competition, induced Mr. Hincks to agree to accept a relinquishment of the previous charters; and to contemplate the construction of a Railway Bridge at Montreal, with an amalgamation of the Line from Toronto to Montreal with the line from thence towards Portland, which had already received Provincial aid to the amount of nearly half a million sterling.

You, sir, had then proceeded to England to complete the arrangements with our firm, and advices were soon received from Mr. Hincks of the nature of the understanding come to in Canada, and of his wish that we should consent to modify our terms in conformity. This we had no other hesitation in doing, than in the fact, that we had partial engagements to the Quebec and

hemond Company ; and, as has been stated, to the line from Montreal to Toronto, which together involved as large engagements as we wished to undertake. We also doubted the propriety of undertaking a work so expensive as the Victoria Bridge upon an extent of mileage no greater than the Toronto Road ; while we felt that to give the scheme an acceptable character with the public, it must bear, first, the assurance of being a complete work, connecting the fertile and prolific regions of the West with the Ocean ; and secondly, such a relation to the general interests of the Province as would justify us in associating its prospects with the growing prosperity and advance of the Country, and also with the political connections of Canada with the Lower Provinces.

We do not state these matters as subjects weighing on our own minds, but as facts known to you, when representing the Province in the arrangements referred to ; and we wish to recall to your attention, that in considering the propriety of the general amalgamation, your design was, at least, as much to serve great public objects, as to place the project in a favorable light before the English Public. You will, therefore, remember that, at this period, the negotiations broken off by Mr. Hincks, were renewed by you with the Colonial Secretary, and that we had every reason to believe that the British Government would furnish such aid as would complete, not merely the line from Trois Pistoles to Frederickton, but also place the whole line to Halifax on a perfect footing, with such arrangements with the Cunard Mail Service, as would have ensured certain results to the more Eastern Section of the great Grand Trunk Scheme, which, from Quebec to Trois Pistoles, would not otherwise have been undertaken. The negotiations to which we refer were conducted by you, and we think that you will bear out our statement that both you and we had reason to believe the Imperial Government would adopt your views. We will only add, that while a conviction of the necessity of immediate action, caused the anticipation of their decision, by the issue of the Grand Trunk Prospectus, still nothing but the prospect of war prevented the completion of the intentions then held by the Government of Great Britain.

Under the view we have stated of the importance attached by Mr. Hincks to one Uniform Railway System throughout the Province, you are aware the promoters of the Company consented, in March, 1853, to accept the Toronto and Sarnia Line, as giving the Grand Trunk Company

a Western connection; but in the construction of this section we have never had any interest whatever.

By these statements we bring down the position we held towards the Province to this—that our definitive promise was to raise the means for completing the line from Toronto to Montreal, on receiving aid to the amount of L.3,000 per mile, and that the other engagements entered into were <i>not</i> solely fraught with profit to us, nor properly included in our original propositions. Taking the cost of the Road from Toronto to Montreal as under our contract.....		L.3,000,000
Less Provincial aid.....		1,035,000
We engaged to raise.....		<u>L.1,965,000</u>

In one form or another to fulfil our engagements.

We wish this point to be clearly understood, because, the difficulties of the Company are generally attributed to failure on our part, rather than, as is really the case, to the introduction of other schemes of importance to the Province, but yielding us no positive advantage, beyond that which we always regarded as very great, of having the whole work looked upon as a national undertaking.

We shall now proceed to show what we have ourselves done, in completion of our engagements, and how far we have shared with the Province, in the efforts necessary to carry through an undertaking with which we had identified ourselves.

As we have already shown, the amount of private capital required for the original scheme was L1,965,000, the amount raised has been L.4,950,900, of which we now retain no less than L.794,000. If, therefore, the Province have increased their aid by L.900,000, or less than one-half of their original advance, we, with the other Shareholders, have raised nearly three times the amount we originally contemplated.

Under our original plan, we were to build 345 miles of Railway. By the realized plan—there are completed, or will be this year, 40 miles below Quebec, and 445 miles from Montreal to Stratford, with a large expenditure on the Victoria Bridge, as well as an outlay of L.900,000, upon the line from Montreal to Portland. So far therefore from there being any just charge against us of having failed to fulfil our promises to the Province, we may fairly take credit for very much more having

been done than was originally intended; and if disappointment have ensued, we, at least, equally share in it.

We wish, now, to refer more particularly to our present relations with the Company under our contracts. We seek no relief from those contracts; but we think, all things considered, justice requires that we should not be charged with a failure in our engagements, either implied or express, towards the Province or the Company, unless it can be clearly shewn.

In entering upon this branch of the subject, we wish to recall to the attention of the Public, that of the amount of Provincial aid given to the grand Trunk Railway, amounting in all to..

L.3,111,500

the following amounts had been granted previously to our connection with the Government through Mr. Hincks, viz.:

St. Lawrence and Atlantic Railroad.....	L.467,500
Quebec and Richmond.....	250,000

And the amount of aid granted last Session, was not for works in which we were in the slightest degree interested, but to replace capital originally intended for our works, and abstracted to complete necessary outlays on the line from Montreal to Portland....

900,000

By the Act distributing the Provincial aid over the entire expenditure of the Company (passed in November, 1854) the guarantee originally granted for *our* line to Trois Pistoles, was transferred to the line from Toronto to Stratford, in which we had no interest whatever. Thus making a further diversion of Provincial aid from our works of L.3,000 per mile, on 97 miles, or.....

291,000

1,908,500

Thus leaving only.....

L.1,203,000

of the entire aid provided by the Province, which has really been applicable to the following works embraced in our contracts, and which entitled the Province to expect from us the completion of 40 miles below Quebec, and the line from Montreal to Toronto. Of this amount of £1,203,000 no less

than L.546,000 was still in the hands of the Province at 1st April instant. Thus showing that while we had completed the 40 miles from Quebec to St. Thomas — expended about L.320,000 on the Victoria Bridge and so far completed the Montreal and Toronto line that only about L.300,000 of work remained to be done, the entire amount of Provincial aid which had been paid to the Grand Trunk Company, in respect of these works, was only L.657,000. Surely under these circumstances we may boldly ask at the hands of the Canadian Public consideration and candid discussion.

We claim, so far as the Province of Canada is concerned, to have much more than fulfilled all we ever undertook towards it, and if reference be had to the great change in money matters in England, consequent on the war, as well as to the enormous advance in the price of labour, materials, and every necessary of life in Canada, the Public may form some idea of the extent of the sacrifices we have made, to preserve intact our reputation for an honest fulfilment of our engagements.

Our relations to the Grand Trunk Company, are subjects with which in reality, the Province has no direct concern, so long as we can show that they have in no respect caused a failure on our part towards the Province, but as these relations are very greatly misunderstood, we desire, in all candour, to state the real position.

There can be no question that, with money worth only two per cent. in England, the parties representing the Province and ourselves, foreseeing no outbreak of war, did not hesitate to enter into mutual engagements which a different state of things has made extremely onerous to all. We shared the confidence expressed by yourself, Mr. Hincks, and the Legislature of Canada, in the future of this country. We thought it offered a fair field for investment. And we consider it no subject for blame, that we should have sought a fair and reasonable return for services we believed it in our power to render. We did not therefore hesitate at assuming responsibilities of a magnitude we might have shrunk from, had we known the future and we consented to the views of the Agents of the Province in the terms of the original prospectus, to an extent that has been from that hour both injurious to us and very damaging to the Company. We allude to the engagements in the Prospectus of the Grand Trunk Company, whereby we undertook to pay the interest upon the capital employed in our works

and also to permit one-half the entire capital to be withheld from public disposal, with a liability on our part to assume it at the end of twelve months. We desire to state distinctly, as a fact, within your own knowledge, that so far from our desiring the retention of this large amount of capital (L.3,623,000) it was expressly required by Messrs. Glynn and Baring, from their belief that the whole amount could not be successfully floated, and that we hesitated for days in assuming this future liability. The public may therefore judge how far this obligation has pressed upon us, when within the twelve months stipulated, war was declared, and money rose from two to six and even eight per cent.

This altered state of affairs so far affected even the stock already issued to the public, that without any particular respect to our wishes, the London Directors, with our concurrence, determined to suspend a portion of the Grand Trunk works, in order to relieve the Shareholders. And finding the works on the Montreal and Portland section had absorbed L900,000 of the money intended for our works, the Board applied to your Legislature for aid, which as before stated was obtained, to the extent of L. 900,000 not as an additional loan to us, but solely to enable the Shareholders to fulfil their own engagements. The Company was then largely our debtors and we might have suspended our works, and thus relieved ourselves from much embarrassment had not other motives actuated us.

The effect of the terms of the Act, granting additional aid, passed in May 1855, required a modification of our contracts with the Company, and this took place in London in July last, with the approval and aid of the Inspector General who was then in England, with other Members of the Canadian Cabinet. By this agreement, we pledged ourselves to proceed with and complete the Montreal and Toronto, and Quebec and St. Thomas sections, in all 385 miles, receiving payment one-half in cash, expected to be provided from the Provincial guarantee, one-quarter in B Bonds of the Company, and one-quarter in B Shares.

Under that supplementary contract we have pushed forward the works nearly to completion, but we desire the Public distinctly to know that since that date the Company have never been able promptly to meet their engagements to us, and from whatever cause arising, very large sums have constantly been due to us even from the half which was promised to us in cash.

It is, we find, generally supposed that our firm had engaged to provide the interest on the Province Bonds, and had failed to do so. This impression we desire to correct. Our engagement was solely to the Company, and consisted in our pledge to pay six per cent interest, on all the Capital expended on our works reserving to the Company the right of retaining this interest from the amounts due to us for work done. As the Company has generally been in arrears to us, it must be manifest, that we are in no way responsible for any difficulties on this head. We have never as contractors received from the Province one single bond, our payments are promised us by the Company, in money, and in their own securities.

We are also perfectly aware that it has been, and will be, said that our firm is, in fact, the Company, and that we cannot therefore free ourselves from any censure that may fairly attach to it. But on this point we earnestly entreat the public to become disabused. We have never, from the day the Prospectus was issued, had any control over the affairs of the Company—its policy has not been directed by us—its expenditure has been great on works in which we had no interest, and except in the extent of our engagements, as respects the future acceptance of Shares and Bonds, we had no other interest in the Company than Messrs. Gzowski & Co. in Canada. To those who know the character and position of the gentlemen forming the London Direction, it is needless to say that we could exert no improper influence upon the Company; but to strangers it may be necessary to offer this assurance. Our present stake in the Company, owing to the arrangements of July last, is necessarily large and daily increasing, and in this respect we cannot but share the anxiety of the other Stockholders in wishing the Province to afford the Company the relief necessary for carrying out the entire scheme in its integrity. Our relative interest in the undertaking may be best shown by the statement that of the amount of private capital brought in..... L. 4,950,900

We only hold now, even under the operation of the

July agreement.....	L. 794,000
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Held by general Shareholders

L. 4,156,900

The Canadian people will thus clearly see that though our interest is enormous in amount, and fully indicates our own confidence, still, by far the larger amount has been provided by the British public generally.

We do not know what more we can say to dispel what we feel to be misconceptions most seriously injurious both to ourselves and the Company ; but, while we hope this statement may suffice, we shall, Sir, at all times, hold ourselves ready to afford you and the Public, any further information in our power.

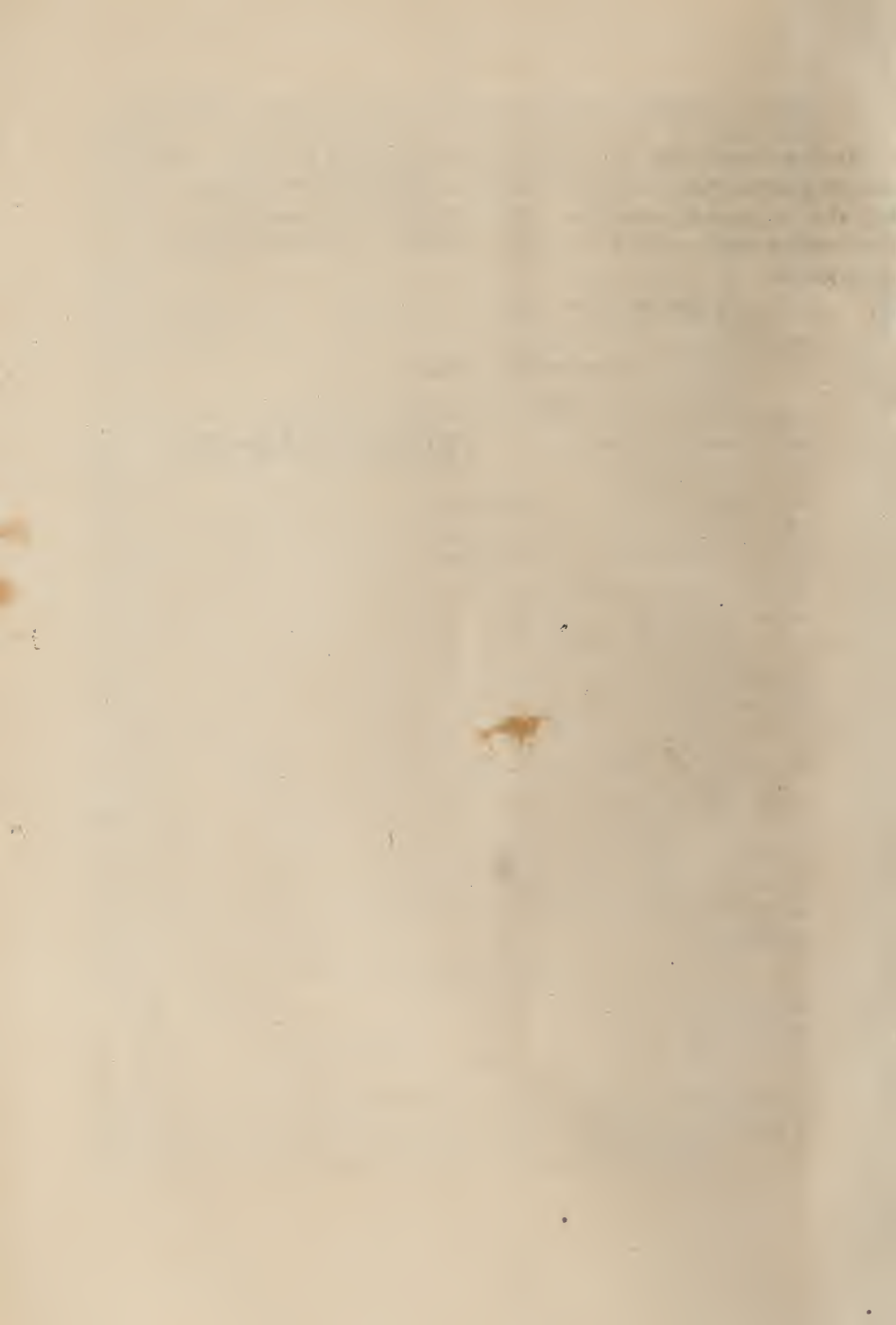
I have the honor to be,

Sir,

Your Obedient Servant,

For self and Partners,

THOMAS BRASSEY.



JAN. 28/31

